storebrand

Interim report 2017

Storebrand Group

Contents

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Storebrand Group

- **Group result[1] of NOK 671m for the 1st quarter of 2017.**
- **The result is characterised by growth within defined-contribution pensions and good financial result.**
- **Solvency margin of 159%**

Storebrand's ambition is to be the best provider of pension savings. The Group offers a broad range of products within life insurance, property and casualty insurance, asset management and banking, to companies, public sector entities and private individuals. The Group is divided into the segments Savings, Insurance, Guaranteed Pension and Other.

GROUP RESULT[2]

	2017	2016				Full year
(NOK million)	1Q	4Q	3Q	2Q	1Q	2016
Fee and administration income	1,019	1,138	1,040	1,005	1,052	4,235
Insurance result	275	251	238	237	219	945
Operational cost	-831	-861	-811	-707	-812	-3,191
Operating profit	**463**	**528**	**468**	**535**	**459**	**1,989**
Financial items and risk result life	208	384	209	254	78	924
Profit before amortisation	**671**	**912**	**676**	**788**	**537**	**2,913**
Amortisation and write-downs of intangible assets	-98	-95	-101	-104	-106	-406
Profit before tax	**573**	**816**	**576**	**684**	**430**	**2,506**
Tax	-109	-140	-135	31	-120	-364
Profit after tax	**465**	**676**	**441**	**715**	**311**	**2,143**

The Group result before amortization was NOK 671m[3] (NOK 537m) in the 1st quarter. The figures in parentheses are from the correspon-ding period last year.

Total fee and administrative income fell by 1% to NOK 1,019m (NOK 1,052m) adjusted for the exchange rate. Income within Guaranteed Pension declined, while Insurance and Savings had stable revenues compared with the same quarter last year. The insurance result had solid growth of 26% compared with the same quarter last year, and with a total combined ratio of 89% (92%) for the quarter.

Operating costs in the 1st quarter increased by 5% compared with the same period last year, adjusted for foreign currency effects. Among other things, the cost increase is due to double costs in connection with outsourcing. Costs are expected reduced in the next quarter and the goal to reduce costs in 2018 still apply.

[1] Result before amortisation and taxes. There is an overview of APMs used in financial reporting that can be found on www.storebrand.com/ir.
[2] The income statement is based on reported IFRS results for the individual group companies. The statement differs from the official accounts layout.
[3] The abbreviations NOK for Norwegian kroner, m for million, bn for billion and % for per cent are used throughout the report.

GROUP RESULT BY RESULT AREA

	2017	2016				Full year
(NOK million)	1Q	4Q	3Q	2Q	1Q	2016
Savings - non-guaranteed	240	321	236	234	273	1,063
Insurance	171	143	161	152	120	575
Guaranteed pension	201	492	126	237	15	870
Other result	59	-45	154	166	129	405
Profit[1)]	**671**	**912**	**676**	**788**	**537**	**2,913**

The Savings segment reported a profit of NOK 240m in the 1st quarter (NOK 273m). Costs in this segment increased during the quarter due to increased sales and marketing activities. This has resulted in increased allocated costs for the segment.

The Insurance segment reported a profit of NOK 171m (NOK 120m) for the quarter. The claims ratio has decreased from 77% to 71% compared with the same period last year. The combined ratio was reduced to 89% (92%) for the quarter.

The Guaranteed Pension segment achieved a profit before amortisation of NOK 201m (NOK 15m) in the 1st quarter. During the quarter, fee and administration income fell by 11% due to the portfolio being in long-term decline.

The Other segment reported a profit of NOK 59m. (NOK 129m) for the 1st quarter. The good financial performance was due to good returns in the company portfolios. The result for the same period last year was influenced by the profit from the sale of STB Baltic.

CAPITAL SITUATION, TAX AND DIVIDENDS

The Solvency II regulations were introduced on 1 January 2016. The Group's target solvency margin in accordance with the new regulations is a minimum of 150%, including use of the transitional rules. The solvency margin inclusive transitional rules for the Storebrand Group was calculated at 159% at the end of 1st quarter 2017. Without transitional rules, the solvency margin is 147%. Storebrand uses the standard model for the calculation of Solvency II. During the quarter, the solvency margin without transitional rules strengthened due to good investment results, increased buffer capital and retained profit. The transitional rule is reduced as a result of discontinuation of transitional rules on shares.

Tax costs in the 1st quarter are estimated based on an expected effective tax rate for 2017. The effective tax rate is influenced by the fact that the Group has operations in countries with tax rates that are different from Norway, and it varies from quarter to quarter depending on each legal entity's contribution to the Group result. The effective tax rate is calculated to be in the range of 19-23% for the year.

1) Before amortisation

STRENGTHENING RESERVES FOR INCREASED LONGEVITY

In the 4th quarter of 2015, Storebrand decided to charge the remaining estimated direct contribution to expected increased longevity. The remaining reserve strengthening is expected to be covered by the surplus return and loss of profit sharing. Customer returns were strong in the 1st quarter. The strengthening of reserves for increased life expectancy is expected to conclude in 2017.

MARKET AND SALES PERFORMANCE

Assets under management in the United Linked business in Norway increased NOK 12.6bn (23%) relative to the 1st quarter of 2016. The growth is driven by premium payments for existing contracts, returns and conversion from defined benefit schemes.

Sales of savings products and loans are good. Storebrand has been successful with the sale of retail market products to employees with an occupational pension from Storebrand. In Norway, Storebrand is the market leader in Unit Linked with 34% of the market share of gross premiums written.

In SPP, customer assets increased by SEK 10,1bn (15%) in the 1st quarter and SEK 13,9bn (20%) from the previous year.

Financial targets	Target	Actual
Return on equity (after tax)[1]	> 10%	8,8%
Dividend [1]	> 35%	-
Solvency II margin Storebrand Group	> 150%	159%

GROUP - KEY FIGURES

	2017		2016			Full year
(NOK million)	1Q	4Q	3Q	2Q	1Q	2016
Earnings per share[1]	1.25	1.64	1.23	1.83	0.93	5.63
Equity	28,208	27,637	27,189	27,000	26,538	27,637
ROE, annualised[1]	8.8%	11.9%	8.5%	13.0%	6.6%	9.5%
Solvency II	159%	157%	165%	172%	175%	157%

[1] After tax, adjusted for write-downs and amortisation of intangible assets.

Savings

- **Increased earnings due to a higher volume**

The Savings business area includes products for retirement savings with no interest rate guarantees. The business area consists of defined contribution pensions in Norway and Sweden, asset management and retail banking products.

SAVINGS - NON GUARENTEED

	2017	2016				Full year
(NOK million)	1Q	4Q	3Q	2Q	1Q	2016
Fee and administration income	700	744	681	636	697	2,758
Operational cost	-459	-426	-442	-414	-419	-1,700
Operating profit	**241**	**319**	**239**	**222**	**279**	**1,058**
Financial items and risk result life	-2	3	-3	12	-6	5
Profit before amortisation	**240**	**321**	**236**	**234**	**273**	**1,063**

RESULT

The Savings segment reported a profit before amortisation and tax of NOK 240m for the 1st quarter, which is a decrease of NOK 33m compared with the same period last year. On the whole, fee and administration income was at the same level as the previous year. The 1st quarter of 2016 included transaction fees for property activities, thus there was income growth during the period that was driven by customers converting from defined-benefit to defined-contribution pension schemes, in combination with new sales and increased savings rates. In addition, an increase in the asset management volume contributed to the growth. Strong lending growth in the bank's retail market is neutralised by a reduced net interest margin and growth in net interest income has been flat compared with the previous year. For the quarter, net interest income was 1.09% of average total assets compared with 1.20% for the same period last year. For the Norwegian Unit Linked products, increased competition contributes to pressure on margins, while there are relatively stable margins in the Swedish business and Asset Management.

Operating costs in this segment increased during the quarter due to increased sales and marketing activities. This gives higher allocated costs for the area and lower allocated costs for Guaranteed Pension

BALANCE SHEET AND MARKET TRENDS

Premiums for non-guaranteed occupational pensions were NOK 3.7bn in the 1st quarter, an increase of 1% from the same period last year.

Total reserves within the Unit Linked business have increased by 17% over the last year and amounted to NOK 147bn at the end of the quarter. Assets under management in the United Linked business in Norway increased NOK 12.6bn (23%) relative to the 1st quarter of 2016. The growth is driven by premium payments for existing contracts, returns and conversion from defined benefit schemes. In Norway, Storebrand is the market leader in Unit Linked with 34% of the market share of gross premiums written.

In the Swedish market, SPP is the fifth largest actor in the Other Occupational Pensions segment with a market share of 9.1% measured by premium income from Unit Linked. In SPP, customer assets increased by SEK 10,1bn (15%) in the 1st quarter and SEK 13,9bn (20%) from the previous year.

Storebrand Asset Management's assets under management increased by NOK 22bn in the 1st quarter (4%) and NOK 32bn (6%) in total from the 1st quarter to NOK 599bn at the end of the quarter. This growth was driven by good sales and returns.

The lending portfolio in the retail market is developing positively and grew by NOK 2.2bn (6%) in the 1st quarter and NOK 9.2bn (32%) from the same period in the previous year. The portfolio consists of low-risk home mortgages. NOK 11.8bn of the mortgages is managed in Storebrand Life Insurance's balance sheet.

SAVINGS - KEY FIGURES

	2017	2016			
(NOK million)	1Q	4Q	3Q	2Q	1Q
Unit linked Reserves	147,311	139,822	131,571	127,876	125,434
Unit linked Premiums	3,716	3,466	3,444	3,541	3,693
AuM Asset Management	599,111	576,704	570,362	568,956	567,218
Retail Lending	37,585	35,400	32,543	30,775	28,425

Insurance

- **Good underlying risk performance**
- **Limited growth due to changes in distribution and new disability product**

Insurance is responsible for the Group's risk products in Norway and Sweden. The unit provides health insurance in the Norwegian and Swedish corporate and retail markets, P&C insurance and personal risk products in the Norwegian retail market and employer's liability insurance and pension-related insurance in the Norwegian and Swedish corporate markets.

INSURANCE

	2017	2016				Full year
(NOK million)	1Q	4Q	3Q	2Q	1Q	2016
Insurance premiums f.o.a.	940	957	962	962	947	3,828
Claims f.o.a.	-665	-706	-724	-726	-728	-2,883
Operational cost	-172	-168	-152	-137	-146	-602
Operating profit	**103**	**83**	**87**	**99**	**73**	**342**
Financial result	68	60	74	52	47	233
Contribution from SB Helseforsikring AS	4	11	15	9	4	39
Profit before amortisation	**171**	**143**	**161**	**152**	**120**	**575**
Claims ratio	71%	74%	75%	75%	77%	75%
Cost ratio	18%	18%	16%	14%	15%	16%
Combined ratio	89%	91%	91%	90%	92%	91%

RESULT

During the 1st quarter, Insurance delivered a profit before amortization of NOK 171m (NOK 120m). The total combined ratio for the quarter was 89% (92%). The decrease in premium income compared with the same quarter last year is primarily due to a reduction for P&C and employer's liability insurance.

The combined risk result gives a claims ratio of 71% (77%) and the underlying risk development is good. Health insurance had a satisfactory insurance result. Employer's liability insurance delivered a good result due to high financial income and a lower claims ratio than the previous year. The same applies to P&C insurance. Group disability pension was more profitable compared with the previous year. Personal insurance maintains a good level of profitability.

The cost percentage ended at 18% (15%) for the 1st quarter. As planned, increased volumes and ambitions of growth have resulted in higher allocated costs for the insurance area.

The investment portfolio of Insurance in Norway amounted to NOK 7.2bn as of the 1st quarter which is primarily invested in fixed income securities with a short to medium duration. The funds had good returns during the quarter and were positively influenced by reduced credit spreads in the Norwegian bond market.

[1] Health insurance is owned 50% each by Storebrand ASA and Munich Health.

BALANCE SHEET AND MARKET TRENDS

Storebrand is focusing on the retail market, but stronger competition in the market combined with a shift in Storebrand's distribution strategy resulted in reduced premium income in the 1st quarter. It is necessary to continually improve prices, products and sales and service solutions to maintain competitiveness. The Akademiker portfolio is an important driver of growth and the rate of sales is stable. Rema Forsikring has been established and the portfolio is being gradually built up. The partner strategy is expected to contribute to cost-effective growth in the coming years. Health-related insurance is growing and Storebrand is succeeding well in the market.

For risk cover in connection with defined contribution pensions in Norway, growth is expected in future that is driven by conversions from defined benefit to defined contribution pensions. The new disability pension regulations, which entered into force on 1 January 2016, have resulted in a lower premium volume within pension-related disability insurance.

INSURANCE - KEY FIGURES

	2017	2016			
(NOK million)	1Q	4Q	3Q	2Q	1Q
P&C & Individual life*)	1,725	1,729	1,739	1,726	1,700
Health & Group life **)	1,504	1,507	1,512	1,485	1,497
Pension related disability insurance Nordic***)	1,185	1,297	1,301	1,290	1,246
Total written premiums	**4,414**	**4,533**	**4,552**	**4,501**	**4,443**
Investment portfolio	7,184	6,798	6,980	6,743	6,768

* Individual life and accident, property and casualty insurance.
** Group accident, occupational injury and health insurance.
*** Nordic disability cover related to defined contribution pensions.

Guaranteed pension

- **Income reduction in line with strategy and population trends**
- **Positive net profit sharing and risk results during the quarter**

The Guaranteed Pension business area includes long-term pension savings products that give customers a guaranteed rate of return. The area includes defined benefit pensions in Norway and Sweden, paid-up policies and individual capital and pension insurance.

GUARANTEED PENSION

	2017	2016				Full year
(NOK million)	1Q	4Q	3Q	2Q	1Q	2016
Fee and administration income	358	376	403	383	404	1,566
Operational cost	-221	-260	-257	-192	-271	-981
Operating profit	**137**	**116**	**146**	**191**	**132**	**585**
Risk result life & pensions	34	-13	-18	-10	4	-37
Net profit sharing and loan losses	30	389	-2	57	-122	322
Profit before amortisation	**201**	**492**	**126**	**237**	**15**	**870**

RESULT

Guaranteed Pension achieved a profit before amortisation and strengthening of longevity reserves of NOK 201m (NOK 15m) during the 1st quarter of 2017.

Fee and administration income has performed consistent with the fact that a large part of the portfolio is mature and in long-term decline. Income was NOK 358m (NOK 404m) in the 1st quarter. This is equivalent to a reduction of 11% in 2017 compared with the same quarter in the previous year.

The operating costs were reduced due to the area being in long-term decline and amounted to NOK 221m (NOK 271m.) for the quarter.

The risk result was NOK 34m (NOK 4m) in the 1st quarter. The risk result was generated in the Swedish business and is driven by increased mortality compared with the tariff. The risk result in the Norwegian business was restricted due to reserve strengthening based in the introduction of a new group disability pension and the general disability development in the population.

The result from profit sharing and loan losses consists of profit sharing and financial effects. The result was NOK 30m (- NOK 122m) during the 1st quarter of 2017. The result was generated in the Swedish business and during the quarter was driven by a positive development in the share, property and credit portfolios. The Norwegian business is prioritising the build-up of buffers and reserves instead of profit sharing between customers and owners.

BALANCE SHEET AND MARKET TRENDS

The majority of products are closed for new business, and the customers' choices about transferring from guaranteed to non-guaranteed products are in line with the Group's strategy. As of the 1st quarter, customer reserves for guaranteed pensions amounted to NOK 261bn, which is a decrease of approximately NOK 5bn since the 1st quarter of 2016. The total premium income for guaranteed pensions (excluding transfers) was NOK 2bn (NOK 2.7bn) in the 1st quarter, which was a reduction of 28%.

In the Norwegian business, paid-up policies were the only guaranteed pension portfolio experiencing growth and amounted to NOK 121bn as of the 1st quarter, an increase of NOK 12bn since the 1st quarter of 2016, which is equivalent to 11 per cent. From and including the 4th quarter of 2014, the customers were given an offer to convert from traditional paid-up policies to paid-up policies with investment choice. Paid-up policies with investment options, which are included in the Savings segment, amounted to NOK 5.8bn as of the 1st quarter. Reserves for defined-benefit pensions in Norway amounted to NOK 42bn at the end of the 1st quarter, a decline of NOK 9bn since the 1st quarter of 2016.

Guaranteed portfolios in the Swedish business totalled NOK 83bn as of the 1st quarter, which corresponds to a decrease of NOK 7bn since the 1st quarter of 2016. The decrease was largely due to the NOK/SEK exchange rate.

GUARANTEED PENSION - KEY FIGURES

	2017	2016			
(NOK million)	1Q	4Q	3Q	2Q	1Q
Guaranteed reserves	261,148	258,723	261,547	265,300	265,931
Guaranteed reserves in % of total reserves	63.9%	64.9%	66.5%	67.5%	67.9%
Net transfers	-541	-245	-239	-621	-2 200
Buffer capital in % of customer reserves Norway	5.4%	5.7%	5.6%	6.3%	5.9%
Buffer capital in % of customer reserves Sweden	7.9%	6.7%	6.7%	6.3%	6.6%

Other/Eliminations

The result for Storebrand ASA is reported under Other, as well as the result for the company portfolios and small subsidiaries of Storebrand Life Insurance and SPP. In addition, the results associated with lending to commercial enterprises by Storebrand Bank and the activities at BenCo are reported in this segment. Group eliminations are reported in a separate table below.

RESULT EXCLUDING ELIMINATIONS

	2017	2016				Full year
(NOK million)	1Q	4Q	3Q	2Q	1Q	2016
Fee and administration income	21	43	31	53	17	145
Operational cost	-39	-33	-35	-30	-42	-141
Operating profit	**-18**	**10**	**-4**	**23**	**-25**	**4**
Financial items and risk result life	77	-54	158	143	154	401
Profit before amortisation	**59**	**-45**	**154**	**166**	**129**	**405**

ELIMINATIONS

	2017	2016				Full year
(NOK million)	1Q	4Q	3Q	2Q	1Q	2016
Fee and administration income	-60	-25	-75	-66	-66	-233
Operational cost	60	25	75	66	66	233
Financial result						
Profit before amortisation						

The fall in profit in the Other segment was due to strong returns in the finance portfolios, in addition to the sale of STB Baltic in the 1st quarter of 2016. Fee and administration income increased by 19% compared with the same period last year.

The financial result for the Other segment includes the company portfolios of SPP and Storebrand Life Insurance, and the financial result of Storebrand ASA.

The Storebrand Life Insurance Group is funded by a combination of equity and subordinated loans. With the interest rate level at the end of the 1st quarter, interest expenses of approximately NOK 100m per quarter are expected. The company portfolios in the Norwegian and Swedish life insurance companies amounted to NOK 22.4bn at the end of the 1st quarter.

The investments are primarily in interest-bearing securities in Norway and Sweden with short maturities. The Norwegian company portfolio reported a return of 0.52% for the quarter. The Swedish company portfolio had weak negative returns due to the continued low interest rates in Sweden.

Balance sheet, solidity and capital situation

Solvency margin of 159%

Continuous monitoring and active risk management is a core area of Storebrand's business. Risk and capital adequacy are both followed up on at Group level and in the legal entities. Regulatory requirements for capital adequacy and risk management follow the legal entities to a large extent. The section is thus divided up by legal entities.

STOREBRAND GROUP

The Solvency II margin in the Storebrand Group was 159% at the end of the 1st quarter, an increase of 2 percentage points during the quarter.

STOREBRAND ASA

Storebrand ASA (holding) held liquid assets of NOK 3.1 bn at the end of the quarter. Liquid assets consist primarily of short-term fixed income securities with a good credit rating and bank deposits. Of these funds, NOK 0.7 bn was allocated for dividends. Total interest-bearing debt at Storebrand ASA (holding) amounted to NOK 2.7 bn at the end of the quarter. Adjusted for dividends, this is equivalent to a net debt-equity ratio of 1.9%. The next maturity date for bond debt is in May 2017. In addition to the liquidity portfolio, the company has an unused credit facility of EUR 240m that runs until December 2019.

Storebrand ASA owned 0.36% (1,631,387) of the company's treasury shares at the end of the quarter. Storebrand stock went ex-dividend on 6 April 2017.

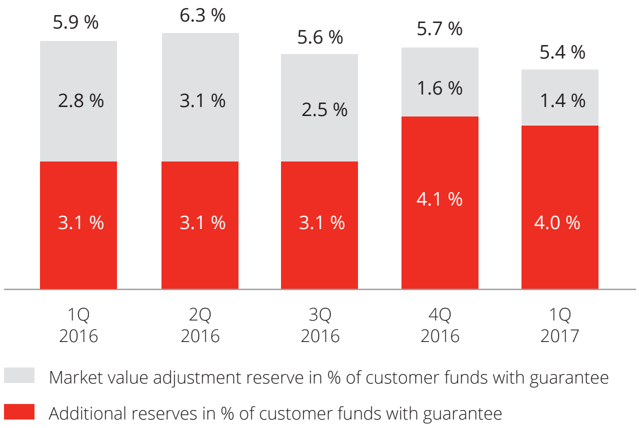
STOREBRAND LIFE INSURANCE GROUP[1)]

The solidity capital[2)] amounted to NOK 58.8 bn. at the end of 1st quarter, an increase of NOK 1.6bn in the 1th quarter. Positive results, increased customer buffers in the Swedish business and reduction of customer buffers in the Norwegian business.

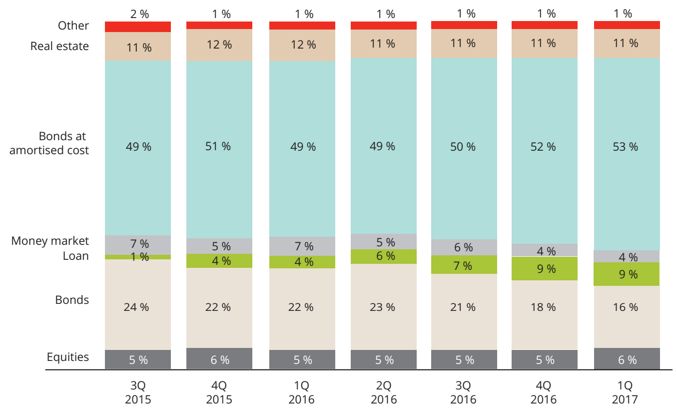
STOREBRAND LIVSFORSIKRING AS

The market value adjustment reserve fell by NOK 0.4bn during the 1st quarter, and amounted to NOK 2.3bn at the end of the 1st quarter of 2017. The additional statutory reserves remained unchanged during the quarter and amounted to NOK 6.8bn at the end of the 1st quarter of 2017. The excess value of bonds and loans valued at amortised cost has been unchanged since the start of the year and was NOK 8.8bn as of the 1st quarter. The excess value of bonds and loans at amortised cost is not included in the financial statements.

CUSTOMER BUFFERS



ALLOCATION OF GUARANTEED CUSTOMER ASSETS



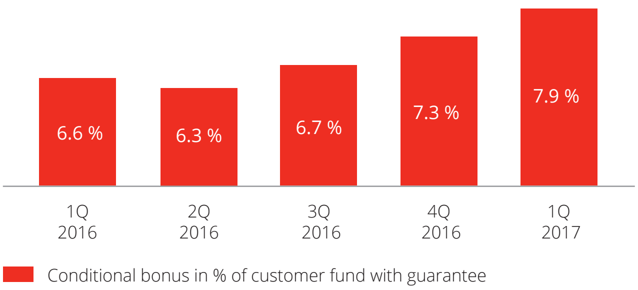
Customer assets increased by NOK 4bn in the 1st quarter due to positive returns. Customer assets totalled NOK 246bn at the end of the 1st quarter of 2017. Customer assets within non-guaranteed Savings increased by NOK 2.7bn in the 1st quarter. Guaranteed customer assets increased by NOK 1.3 bn in the 1st quarter.

1) Storebrand Life Insurance, SPP and BenCo.

2) The term solidity capital encompasses equity, subordinated loan capital, the risk equalisation fund, the market value adjustment reserve, additional statutory reserves, conditional bonuses, excess value/deficit related to bonds at amortised cost and accrued profit.

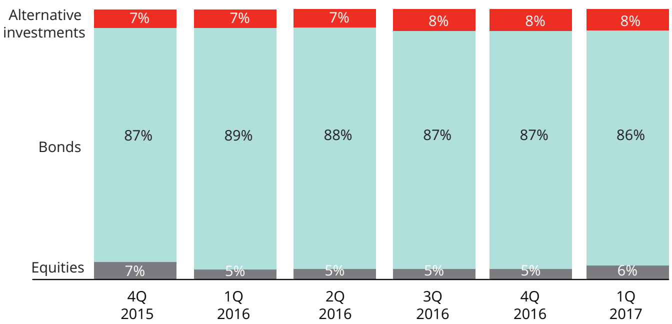
SPP

CUSTOMER BUFFERS - SPP



The buffer capital amounted to SEK 6.4bn (NOK 5.5bn) as of the 1st quarter.

ALLOCATION OF GUARANTEED CUSTOMER ASSETS



Total assets under management in SPP were SEK 166bn. This corresponds to a increase of 2.2% compared with the 4th quarter of 2016. For customer assets in non-guaranteed savings, assets under management totalled NOK 82.6bn in the 1st quarter, which corresponds to an increase of 4.8%, compared with the 4th quarter of 2016.

STOREBRAND BANK

The lending portfolio in the retail market, including loans managed on behalf of Storebrand Livsforsikring AS amounted to NOK 37.6bn, of which NOK 25.8bn consisted of retail market loans at Storebrand Bank. The corporate market portfolio amounted to NOK 1.5bn.

The Storebrand Bank Group had a net capital base of NOK 2.6bn at the end of the quarter. The capital adequacy ratio was 17.9% and the pure core capital adequacy ratio was 14.2% at the end of the quarter, compared with 17.7% and 14,0%, respectively, at the end of 2016.

Outlook

FINANCIAL PERFORMANCE

Storebrand is the market leader for the sale of pension solutions to Norwegian businesses. Defined-contribution pension plans are the dominant solution for pension savings in Norway. The market for defined-contribution pensions is growing and Storebrand's reserves within Unit Linked increased by 23% from the 1st quarter of 2016. Storebrand also has a strong challenger role for the sale of pension solutions to Swedish businesses and Unit Linked reserves at SPP grew by 13% from the 1st quarter of 2016. Good sales growth for defined-contribution pensions is expected in the future. Work is being carried out to improve profitability within this area.

The loyalty programme for employees with companies that have a pension scheme at Storebrand will be an important area of focus in the future. The sale of banking products and P&C insurance contributes to growth within the Savings and Insurance segment. The competition in the market has resulted in pressure on margins within these segments that in turn sets requirements for cost reductions and adaptations in distribution and product solutions to achieve continued profitable growth. In order to realise the ambitions in the retail market, sales must continue to increase.

Asset management is an important business area within the Savings segment. Asset management has had stable growth in reserves and good earnings development.

The Guaranteed Pension segment is in long-term decline and the combined reserves for the Guaranteed business are decreasing. However, there is continued growth in the reserves linked to paid-up policies due to companies choosing to convert existing defined-benefit schemes to defined-contribution schemes. It is expected that the growth in paid-up policies will decline in the future and that there will be flat growth in reserves over several years before the reserves start to fall. The portfolio of paid-up policies makes a limited contribution towards the Group's results with the present interest rates. Guaranteed reserves represent an increasingly smaller share of the Group's total pension reserves and were 64% at the end of the quarter.

A target has been set for combined nominal costs to be lower in 2018 compared with the level at the end of 2015. Storebrand will still make selected investments in growth. The partnership with Cognizant is expected to provide lower costs for the Group in the coming years.

MARKET TRENDS

The Norwegian ten-year interest rate on government bonds fell by approximately 0.1 percentage points in the first quarter. The Swedish ten-year interest rate remained largely unchanged in the first quarter. The rise in interest rates that occurred in the USA and EU from autumn last year has now ended and the ten-year interest rates in these countries are now slightly lower than they were at the start of the year.

The Federal Reserve increased the fund rate in March and the short-term market rate in the USA is now approximately 0.8%. It is expected that the central bank's programme for purchasing fixed income securities will be gradually reduced in the time ahead. We have not seen an equivalent increase in Europe and the interest here is still negative of approximately -0.7%.

The finance sector is characterised by the weak capitalisation of some European banks in combination with weakened credit portfolios. The authorities have implemented measures in several countries to alleviate the situation in certain exposed banks. Deutsche Bank conducted an equity issue during the first quarter.

RISK

Market risk is the Group's biggest risk. In the Board's ORSA (self-assessment of risk and solvency) process, developments in interest rates, credit spreads, and equity and property values are considered to be the biggest risks that influence the solvency of the Group. Storebrand has adapted to the low interest rates by building up buffer capital. Over time the level of the annual interest rate guarantee will be reduced. In the long term, continued low interest rates will represent a risk for products with guaranteed high interest rates running at a loss, and it is therefore important to achieve a return that exceeds the interest rate guarantee associated with the products. Storebrand has therefore adjusted its assets by building a robust portfolio with bonds at amortised cost to achieve the guaranteed interest rate. For insurance risk, increased life expectancy and the development in disability are the factors that have greatest influence on solvency. Operational risk is closely monitored and may also have a significant effect on solvency.

SOLVENCY II - ULTIMATE FORWARD RATE

On 6 April, the European Insurance and Occupational Pensions Authority (EIPOA) announced changes to the Ultimate Forward Rate (UFR) which, together with market interest rates, determine the discount rate for the insurance liabilities in Solvency II. For NOK, the change means that the UFR is reduced from 4.2% to 3.65%. The reduction will be phased in gradually, with a maximum of 15 basis points per year. The UFR for 2018 will therefore be 4.05%. The reduction was expected. As a result of this, a reduction in the solvency margin excluding transitional rules of 8 percentage points is expected. On the other hand, the required rate of return on our investments is also lower and it will be easier to comply with the development in liabilities over time. The solvency position is therefore expected to strengthen over time following the immediate weakening.

CONSULTATION REGARDING CHANGES TO THE SOLVENCY II STANDARD MODEL

The EIPOA conducted a consultation process in connection with changes to the standard model for calculating capital requirements. The objectives were: (1) ensure that the capital requirements are in proportion to the actual risk, (2) ensure consistent treatment between countries, and (3) simplification. Among other things, the issues that were assessed included exposure to regional and local authorities, calibrating the risk of mortality, the possibility of using company-specific parameters for life insurance, exchange rate risk at group level, interest rate risk, risk-reducing effect of deferred tax and risk margin.

THE GOVERNMENT WANTS TO ABOLISH INVESTMENT RESTRICTIONS

The Ministry of Finance has asked the Financial Supervisory Authority of Norway to prepare a consultation memo proposing the repeal of the provision in the Financial Undertakings Act that insurance companies cannot own more than 15% of other businesses ("non-insurance operations") Reference is made to the fact that Solvency II has reduced the need for such provisions. The Ministry also wants to facilitate the increased use of pension capital in Norwegian infrastructure projects.

EQUITY SAVINGS ACCOUNT AND FUND ACCOUNT

Equity savings account expected to be introduced from 1 July 2017. The scheme involves individuals being able to trade in shares and equity funds within the framework of an equity savings account. Profits will not be taxable until amounts are withdrawn from the equity savings account.

The Ministry of Finance has sent proposed regulations regarding equity savings accounts for consultation. It is assumed that there will be a transitional period until the end of 2017, whereby existing shares and equity funds can be transferred to a share savings account without this resulting in capital gains tax. The Ministry will consider extending the transitional period.

A proposal regarding changes to the tax rules for fund accounts has been circulated for consultation. The Ministry has proposed changes such that fund accounts with an insurance element of less than 150% of the balance will be treated the same as mutual funds. Fund accounts with an insurance element down to 101% of the balance have thus far had lower capital gains tax than mutual funds

SEPARATE PENSION ACCOUNT

The government's report regarding separate pension accounts was presented before Christmas. It is not yet clear how this will be followed up, but in a letter to the government on 27 February, the Norwegian Confederation of Trade Unions (LO) made it clear that they want separate pension accounts and requested that the government present a proposal based on the report as soon as possible.

The Confederation of Norwegian Enterprise (NHO) proposed the introduction of pension accounts in connection with the annual wage settlement in 2014. The issue was first assessed by these parties and then by the government. Based on the involvement of these parties, we consider it probable that work will continue on this type of reform until the main bargaining period in spring 2018.

NO FINANCIAL TAX IN SWEDEN

The Swedish government concluded that a financial tax of 15% on the income base of finance companies will not be introduced. It has instead been proposed to increase the banks' fee to the resolution reserve from 0.09% to 0.125%. This has no impact on SPP.

CAPITAL MANAGEMENT AND DIVIDENDS

Storebrand has established a framework for capital management that links dividends to the solvency ratio. The goal is a solvency ratio of over 150%, including transitional rules. The solvency ratio at the end of the 1st quarter was 159%. A minimum level for dividends is a solvency ratio without transitional rules of 110%. The solvency ratio without transitional rules at the end of the 1st quarter was 147%. The solvency level shows that the Group is robust for the risks the business faces. A gradual improvement is expected in the underlying solvency margin in the coming years. This is primarily due to the discontinuation of the strengthening of reserves for increased life expectancy, expected result achievement in the Group, and reduced capital requirements from guaranteed business. The strengthening of reserves for increased life expectancy is expected to conclude in 2017.

A dividend of more than 35% of the Group result before amortisation after tax is expected for 2017. The expected development in the solvency margin indicates there will be a gradual increase in the dividend distribution rate.

Lysaker, 26 April 2017

Storebrand Group
Income statement

(NOK million)	Note	1Q 2017	1Q 2016	Full year 2016
Premium income		7,559	8,286	25,829
Net income from financial assets and real estate for the company:				
- equities and other units at fair value		5	-9	38
- bonds and other fixed-income securities at fair value		178	132	598
- financial derivatives at fair value		20	-53	66
- lending at fair value		17	13	22
- bonds at amortised cost		53	30	122
- lending at amortised cost		164	189	719
- real estate			-3	10
- profit from investments in associated companies/joint controlled operation		1	10	65
Net income from financial assets and real estate for the customers:				
- equities and other units at fair value		5,783	-4,034	11,609
- bonds and other fixed-income securities at fair value		1,330	1,047	3,640
- financial derivatives at fair value		97	3,461	2,570
- lending at fair value		-2		18
- bonds at amortised cost		1,248	1,055	4,197
- lending at amortised cost		122	52	289
- real estate		646	661	2,295
- profit from investments in associated companies		68	41	167
Other income		714	995	3 062
Total income		**18,003**	**11,873**	**55,315**
Insurance claims		-7,611	-7,976	-25,287
Change in insurance liabilities		-8,130	-4,274	-23,522
To/from buffer capital		-120	2,243	1,475
Losses from lending/reversal of previous losses		-4	-8	-17
Operating costs	7	-977	-999	-3 668
Other costs		-232	-104	-463
Interest expenses		-256	-218	-920
Total costs before amortisation		**-17,332**	**-11,336**	**-52,402**
Group profit before amortisation		**671**	**537**	**2 913**
Amortisation of intangible assets		-98	-106	-406
Group pre-tax profit		**573**	**430**	**2,506**
Tax cost	8	-109	-120	-364
Profit/loss for the period		**465**	**311**	**2,143**
Profit/loss for the period attributable to:				
Share of profit for the period - shareholders		462	302	2,118
Share of profit for the period - hybrid capital investors		3	3	11
Share of profit for the period - minority			6	14
Total		**465**	**311**	**2,143**
Earnings per ordinary share (NOK)		1.03	0.67	4.73
Average number of shares as basis for calculation (million)				448.2
There is no dilution of the shares				

Storebrand Group
Statement of comprehensive income

	1Q		Full year
(NOK million)	2017	2016	2016
Profit/loss for the period	**465**	**311**	**2,143**
Change in actuarial assumptions	-3		-142
Adjustment of value of properties for own use	94	22	205
Gains/losses from cash flow hedging	-5	-9	-60
Total comprehensive income elements allocated to customers	-94	-22	-205
Tax on other result elements not to be classified to profit/loss			37
Total other result elements not to be classified to profit/loss	-9	-9	-166
Translation differences foreign exchange	113	-236	-802
Unrealised gains on financial instruments available for sale			6
Total other result elements that may be classified to profit/loss	113	-236	-796
Total other result elements	**104**	**-246**	**-961**
Total comprehensive income	**568**	**65**	**1,181**
Total comprehensive income attributable to:			
Share of total comprehensive income - shareholders	565	58	1,163
Share of total comprehensive income - hybrid capital investors	3	3	11
Share of total comprehensive income - minority	1	4	7
Total	**568**	**65**	**1,181**

Storebrand Group
Statement of financial position

(NOK million)	Note	31.3.17	31.3.16	31.12.16
Assets company portfolio				
Deferred tax assets		511	861	595
Intangible assets and excess value on purchased insurance contracts		4,832	5,562	4,858
Pension assets		3		
Tangible fixed assets		56	61	57
Investments in associated companies		414	409	458
Financial assets at amortised cost:				
- Bonds	6	3,553	3,467	3,398
- Lending to financial institutions	6	369	404	272
- Lending to customers	6,9	25,214	27,903	25,310
Reinsurers' share of technical reserves		32	154	40
Real estate at fair value	6	51	51	51
Biological assets		64	64	64
Accounts receivable and other short-term receivables		2,940	3,359	2,647
Financial assets at fair value:				
- Equities and other units	6	101	101	121
- Bonds and other fixed-income securities	6	29,941	26,128	30,503
- Derivatives	6	1,276	1,706	1,206
- Lending to customers	6,9	2,096	1,368	1,958
Bank deposits		3,890	6,701	3,694
Minority interests in consolidated securities funds		24,804	17,809	20,386
Total assets company portfolio		**100,147**	**96,109**	**95,619**
Assets customer portfolio				
Tangible fixed assets		440	429	433
Investments in associated companies		1,928	1,814	1,918
Receivables from associated companies		38	40	37
Financial assets at amortised cost:				
- Bonds	6	83,183	71,746	79,378
- Bonds held-to-maturity	6	15,688	15,894	15,644
- Lending to customers	6,9	18,380	7,634	16,727
Reinsurers' share of technical reserves		106		106
Real estate at fair value	6	24,725	21,949	24,110
Real estate for own use	6	2,882	2,878	2,863
Biological assets		711	718	702
Accounts receivable and other short-term receivables		2,901	4,255	1,053
Financial assets at fair value:				
- Equities and other units	6	136,758	114,869	129,416
- Bonds and other fixed-income securities	6	138,889	165,014	141,334
- Derivatives	6	3,089	5,235	3,621
- Lending to customers	6,9	2,462		2,346
Bank deposits		4,108	8,297	4,375
Total assets customer portfolio		**436,288**	**420,773**	**424,065**
Total assets		**536,435**	**516,881**	**519,684**

Continue next page

Storebrand Group
Statement of financial position (continue)

(NOK million)	Note	31.3.17	31.3.16	31.12.16
Equity and liabilities				
Paid-in capital		11,726	11,724	11,726
Retained earnings		16,201	14,517	15,631
Hybrid capital		226	226	226
Minority interests		55	71	54
Total equity		**28,208**	**26,538**	**27,637**
Subordinated loan capital	5,6	7,507	7,796	7,621
Buffer capital	10	16,974	16,837	16,719
Insurance liabilities		415,365	398,939	405,257
Pension liabilities		289	457	289
Deferred tax		175	192	175
Financial liabilities:				
- Liabilities to financial institutions	5,6	5	708	407
- Deposits from banking customers	6	14,631	16,595	15,238
- Securities issued	5,6	17,580	16,839	16,219
- Derivatives company portfolio		325	398	326
- Derivatives customer portfolio		1,838	788	1,868
Other current liabilities		8,734	12,983	7,542
Minority interests in consolidated securities funds		24,804	17,809	20,386
Total liabilities		**508,227**	**490,343**	**492,047**
Total equity and liabilities		**536,435**	**516,881**	**519,684**

Storebrand Group
Statement of changes in equity

	Majority's share of equity									
(NOK million)	Share capital [1]	Own shares	Share premium	Total paid in equity	Restatement differences	Other equity [2]	Total retained earnings	Hybrid capital[3]	Minority interests	Total equity
Equity at 31 December 2015	**2,250**	**-10**	**9,485**	**11,724**	**1,831**	**12,646**	**14,477**	**226**	**520**	**26,946**
Profit for the period						2,118	2,118	11	14	2,143
Total other profit elements					-789	-166	-955		-7	-961
Total comprehensive income for the period					**-789**	**1,952**	**1,163**	**11**	**7**	**1,181**
Equity transactions with owners:										
Own shares		2		2		26	26			28
Hybrid capital classified as equity						3	3			3
Paid out interest hybrid capital								-11		-11
Dividend paid									-14	-14
Purchase of minority interests						-18	-18		-459	-478
Other						-19	-19			-19
Equity at 31 December 2016	**2,250**	**-8**	**9,485**	**11,726**	**1,042**	**14,590**	**15,631**	**226**	**54**	**27,637**
Profit for the period						462	462	3		465
Total other profit elements					112	-9	103		1	104
Total comprehensive income for the period					**112**	**453**	**565**	**3**	**1**	**568**
Equity transactions with owners:										
Hybrid capital classified as equity						1	1			1
Paid out interest hybrid capital								-3		-3
Other						4	4			5
Equity at 31 March 2017	**2,250**	**-8**	**9,485**	**11,726**	**1,154**	**15,047**	**16,201**	**226**	**55**	**28,208**

1) 449,909,891 shares with a nominal value of NOK 5.
2) Includes undistributable funds in the risk equalisation fund amounting to NOK 139 million and security reserves amounting NOK 50 million. In April 2017, a dividend of NOK 695 million was paid out which is charged to equity.
3) Perpetual hybrid tier 1 capital classified as equity.

Equity at 31 December 2015	**2,250**	**-10**	**9,485**	**11,724**	**1,831**	**12,646**	**14,477**	**226**	**520**	**26,946**
Profit for the period						302	302	3	6	308
Total other profit elements					-235	-9	-244		-2	-246
Total comprehensive income for the period					**-235**	**292**	**58**	**3**	**4**	**65**
Equity transactions with owners:										
Hybrid capital classified as equity						1	1			1
Paid out interest hybrid capital								-3		-3
Purchase of minority interests									-453	-453
Other						-18	-18			-18
Equity at 31 March 2016	**2,250**	**-10**	**9,485**	**11,724**	**1,596**	**12,921**	**14,517**	**226**	**71**	**26,538**

Storebrand Group
Statement of cash flow

(NOK million)	1.1 - 31.12 2017	2016
Cash flow from operational activities		
Net receipts premium - insurance	6,705	7,454
Net payments compensation and insurance benefits	-4,578	-4,863
Net receipts/payments - transfers	-2,315	-2,547
Net change insurance liabilities	-343	-695
Receipts - interest, commission and fees from customers	647	722
Payments - interest, commission and fees to customers	-229	-125
Payments relating to operations	-827	-752
Net receipts/payments - other operational activities	-1,299	2,119
Net cash flow from operations before financial assets and banking customers	**-2,240**	**1,315**
Net receipts/payments - lending to customers	-1,040	-1,589
Net receipts/payments - deposits bank customers	-628	-1,255
Net receipts/payments - mutual funds	3,764	5,002
Net receipts/payments - real estate investments	-293	3,267
Net change in bank deposits insurance customers	440	-4,170
Net cash flow from financial assets and banking customers	**2,243**	**1,254**
Net cash flow from operational activities	**3**	**2,569**
Cash flow from investment activities		
Net receipts - sale of subsidaries		64
Net payments - purchase of group companies	-4	-8
Net receits/payments - sale/purchase of fixed assets	-23	-68
Net cash flow from investment activities	**-27**	**-11**
Cash flow from financing activities		
Payments - repayments of loans	-1,885	-1,760
Receipts - new loans	2,801	3,000
Payments - interest on loans	-327	-104
Receipts - subordinated loan capital	150	
Payments - interest on subordinated loan capital	-3	-44
Net receipts/payments - lending to and claims from other financial institutions	-402	293
Payments - interest on hybrid capital	-3	-3
Net cash flow from financing activities	**331**	**1,382**
Net cash flow for the period	**307**	**3,940**
- of which net cash flow in the period before financial assets and banking customers	-1,936	2,686
Net movement in cash and cash equivalents	307	3,940
Cash and cash equivalents at start of the period for new/sold out companies	-13	-13
Cash and cash equivalents at start of the period	3,980	3,132
Currency translation differences	-14	47
Cash and cash equivalents at the end of the period [1)]	**4,260**	**7,106**
1) Consist of:		
Lending to financial institutions	369	404
Bank deposits	3,890	6,701
Total	**4,260**	**7,106**

Notes to the interim accounts Storebrand Group

Note 01 Accounting policies

The Group's interim financial statements include Storebrand ASA, subsidiaries, and associated companies. The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not contain all the information that is required in full annual financial statements.

A description of the accounting policies applied in the preparation of the financial statements is provided in the 2016 annual report, and the interim financial statements are prepared with respect to these accounting policies.

There is none new or amended accounting standards that entered into effect as at 1 January 2017 that have caused significant effects on Storebrand's interim financial statements.

Note 02 Estimates

In preparing the Group's financial statements the management are required to make estimates, judgements and assumptions of uncertain amounts. The estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and expectations of future events and represent the management's best judgement at the time the financial statements were prepared.

Actual results may differ from these estimates

A description of the most critical estimates and judgements that can affect recognised amounts appears in the 2016 annual financial statements in note 2, strengthening longevity reserves for Storebrand Life Insurance in note 3, insurance risk in note 8, valuation of financial instruments at fair value is described in note 13 and in the interim financial statements note 12 Solvency II.

Note 03 Segments

Storebrand's operation includes the business areas Savings, Insurance, Guaranteed Pension and Other.

Savings
Consists of products that include saving for retirement with no explicit interest rate guarantees. The area includes defined contribution pensions in Norway and Sweden, asset management and bank products to private individuals.

Insurance
Insurance is responsible for the group's risk products in Norway and Sweden. The unit provides health insurance in the Norwegian and Swedish corporate and retail markets, P&C insurance and personal risk products in the Norwegian retail market and employee- and pension-related insurances in the Norwegian and Swedish corporate market.

Guaranteed pension
Guaranteed pension consists of products that include long-term saving for retirement, where customers have a guaranteed return or performance of savings funds. The area includes defined contribution pensions in Norway and Sweden, paid-up policies and individual capital and pension insurances.

Other
Under the Other category, the result from Storebrand ASA and the result from the company's portfolios and minor subsidiaries in Storebrand Livsforsikring and SPP are reported. In addition, the results linked to lending to business activities in Storebrand Bank, the operation in BenCo and minority in securities' fund are included. The elimination of intra-group transactions that have been included in the other segments has also been included.

Reconciliation with the official profit and loss accounting
The results in the segments are reconciled against the Group result before amortisation and write-downs of intangible assets. The

corporate income statement includes gross income and costs linked to both the insurance customers and owners (shareholders). The alternative statement of the result only includes result elements relating to owners (shareholders) which are the result elements that the Group has performance measures and follow-up for. The result lines that are used in reporting segment will therefore not be identical with the result lines in the corporate profit and loss account. For further description of the individual result lines, see note 5 in the 2016 annual financial statements.

	1Q		Year
(NOK million)	2017	2016	2016
Savings	240	273	1,063
Insurance	171	120	575
Guaranteed pension	201	15	870
Other	59	129	405
Group profit before amortisation	**671**	**537**	**2,913**
Amortisation of intangible assets	-98	-106	-406
Group pre-tax profit	**573**	**430**	**2,506**

SEGMENT INFORMATION AS OF 1.1 - 31.3

	Savings		Insurance		Guaranteed pension	
(NOK million)	31.03.17	31.03.16	31.03.17	31.03.16	31.03.17	31.03.16
Fee and administration income	700	697			358	404
Insurance result			275	219		
- Insurance premiums f.o.a.			*940*	*947*		
- Claims f.o.a.			*-665*	*-728*		
Operational cost	-459	-419	-172	-146	-221	-271
Operating profit	**241**	**279**	**103**	**73**	**137**	**132**
Financial itmens and risk result life & pension	-2	-6	68	47	64	-117
Group profit before amortisation	**240**	**273**	**171**	**120**	**201**	**15**
Amortisation of intangible assets [1)]						
Group pre-tax profit						

(NOK million)	Other 31.03.17	Other 31.03.16	Storebrand Group 31.03.17	Storebrand Group 31.03.16
Fee and administration income	-39	-49	1,019	1,052
Insurance result			275	219
- Insurance premiums f.o.a.			*940*	*947*
- Claims f.o.a.			*-665*	*-728*
Operational cost	21	24	-831	-812
Operating profit	**-18**	**-25**	**463**	**459**
Financial itmens and risk result life & pension	77	154	208	78
Group profit before amortisation	**59**	**129**	**671**	**537**
Amortisation of intangible assets [1]			-98	-106
Group pre-tax profit			**573**	**430**

[1] Amortisation of intangible assets are included in Storebrand Group

KEY FIGURES BY BUSINESS AREA

(NOK million)	1Q 2017	4Q 2016	3Q 2016	2Q 2016	1Q 2016	4Q 2015	3Q 2015	5Q 2015
Group								
Earnings per ordinary share [1]	1.03	4.73	3.22	2.25	0.67	2.63	1.25	1.12
Equity	28,208	27,637	27,189	27,000	26,538	26,946	25,982	25,275
Savings								
Premium income Unit Linked [2]	3,716	3,466	3,444	3,541	3,693	3,185	3,168	3,028
Unit Linked reserves	147,311	139,822	131,571	127,876	125,434	128,117	118,695	117,452
AuM asset management	599,111	576,704	570,362	568,956	567,218	571,425	562,136	551,587
Retail lending	37,585	35,400	32,543	30,775	28,425	26,861	25,417	24,833
Insurance								
Total written premiums	4,414	4,533	4,552	4,501	4,443	4,327	4,275	4,176
Claims ratio [2]	71%	74%	75%	75%	77%	74%	75%	72%
Cost ratio [2]	18%	18%	16%	14%	15%	18%	16%	15%
Combined ratio [2]	89%	91%	91%	90%	92%	91%	91%	87%
Guaranteed pension								
Guaranteed reserves	261,148	258,723	261,547	265,300	265,931	266,811	263,035	258,658
Guaranteed reseves in % of total reserves	63.9%	64.9%	66.5%	67.5%	67.9%	67.6%	68.9%	68.8%
Net transfer out of guaranteed reserves [2]	541	245	239	621	2,200	398	855	1,438
Buffer capital in % of customer reserves Storebrand Life Group [3]	5.4%	5.7%	5.6%	6.3%	5.9%	5.8%	5.4%	5.7%
Buffer capital in % of customer reserves SPP [4]	7.9%	6.7%	6.7%	6.3%	6.6%	7.6%	11.1%	12.4%
Solidity								
Solvency II [5]	159%	157%	165%	172%	175%			
Solidity capital (Storebrand Life Group) [6]	58,844	57,260	61,490	61,439	60,513	61,011	64,020	62,293
Capital adequacy Storebrand Bank	17.9%	17.7%	18.1%	17.7%	17.3%	17.1%	16.7%	16.3%
Core Capital adequacy Stobrand Bank	15.8%	15.7%	16.2%	15.8%	15.4%	15.2%	14.9%	14.5%

[1]) Accumulated
[2] Quarterly figures
[3] Additional statutory reserves + market value adjustment reserve
[4] Conditional bonuses
[5] See note 12 for specification of Solvency II
[6] The term solidity capital encompasses equity, subordinated loan capital, the risk equalisation fund, the market value adjustment reserve, additional statutory reserves, conditional bonuses, excess value/deficit related to bonds at amortised cost and accrued profit.

Note 04 Financial market risk and insurance risk

Risks are described in the annual report for 2016 in note 8 (Insurance risk), note 9 (Financial market risk), note 10 (Liquidity risk), note 11 (Credit risk) and note 12 (Concentration of risk).

Market risk means changes in the value of assets as a result of unexpected volatility or changes in prices on the financial markets. It also refers to the risk that the value of the insurance liability develops differently to that of the assets.

The most significant market risks for Storebrand are share market risk, credit risk, property price risk, interest rate risk and currency exchange rate risk.
For the life insurance companies, the financial assets are invested in a variety of sub-portfolios. Market risk affects Storebrand's income and profit differently in the different portfolios. There are three main types of sub-portfolio: company portfolios, customer portfolios without a guarantee and customer portfolios with a guarantee.

The market risk in the company portfolios has a direct impact on Storebrand's profit, as does the market risk from the financial assets of Storebrand ASA and the subsidiaries that are not life insurance companies.

The market risk in customer portfolios without a guarantee is at the customers' risk and expense, meaning Storebrand is not directly affected by changes in value. Nevertheless, changes in value do affect Storebrand's profit indirectly. Income is based largely on the size of the reserves, while the costs tend to be fixed. Lower returns on the financial market than expected will therefore have a negative effect on Storebrand's income and profit.

For customer portfolios with a guarantee, the net risk for Storebrand will be lower than the gross market risk. The extent of measures to reduce risk depends on several factors, the most important being the size and flexibility of the customer buffers and level and duration of the return guarantee. If the investment return is not sufficiently high to meet the guaranteed interest rate, the shortfall will be met by using customer buffers in the form of risk capital built up from previous years' surpluses. Risk capital primarily consists of unrealised gains, additional statutory reserves and conditional bonuses. The owner is responsible for meeting any shortfall that cannot be covered.
For guaranteed customer portfolios, the risk is affected by changes in the interest rate level. Falling interest rates are positive for the investment return in the short term due to price appreciation for bonds, but negative in the long term because it reduces the probability of achieving a return higher than the guarantee.

Global equity markets were strong during the first quarter. The global index increased 5 per cent, while the Norwegian stock market increased by 1 per cent. Interest rates rose slightly at the start of the year, but have since returned their previous levels. Both Norwegian and Swedish 10-year interest swap rates ended the first quarter at about the same level as at the start of the year. Due to the majority of the interest rate investments in the Norwegian customer portfolios being at amortised cost, the changes in interest rates have a limited effect on expected returns in the short term. However, with the present interest rates, new bond investments provide a lower return than the average interest rate guarantee. During the first quarter, the Norwegian krone remained largely unchanged compared to both the American dollar and Euro. A high degree of currency hedging in the portfolio means that the exchange rate fluctuations have a modest effect on results and risk.

There were minor changes in investment allocations in the first quarter.

Guaranteed portfolios in Norway provided returns that were better than the average accumulated guarantee during the first quarter. Based on the current strategy, any returns that exceed the guarantee in Norway will be primarily used for strengthening reserves or for additional statutory reserves, and the return therefore has little impact on the result. The market value adjustment reserve fell slightly during the first quarter, while additional statutory reserves remained unchanged. Excess values at amortised cost were largely unchanged. Guaranteed portfolios in Sweden gave returns that were slightly higher than the increase in value of insurance liabilities. This gave a positive financial result and a slight increase in the buffer (conditional bonus) during the first quarter.

Insurance risk is the risk of higher than expected payments and/or an unfavourable change in the value of an insurance liability due to actual developments deviating from what was expected when premiums or provisions were calculated. Most of the insurance risk for the group is related to life insurance. Long life expectancy is the greatest risk because increased longevity means that the guaranteed benefits must be paid over a longer period. There are also risks related to disability and death.

The insurance risk is almost unchanged during the year.

Note 05

Liquidity risk

SPECIFICATION OF SUBORDINATED LOAN CAPITAL

(NOK million)	Nominal value	Currency	Interest rate	Call date	Book value
Issuer					
Hybrid tier 1 capital [1)]					
Storebrand Livsforsikring AS	1,500	NOK	Variable	2018	1,503
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	1,000	NOK	Variable	2020	1,000
Storebrand Livsforsikring AS	1,100	NOK	Variable	2024	1,099
Dated subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2023	2,902
Storebrand Livsforsikring AS	750	SEK	Variable	2021	726
Storebrand Bank ASA	125	NOK	Variable	2019	126
Storebrand Bank ASA	150	NOK	Variable	2022	150
Total subordinated loans and hybrid tier 1 capital 31.3.17					**7,507**
Total subordinated loans and hybrid tier 1 capital 31.3.16					7,796
Total subordinated loans and hybrid tier 1 capital 31.12.16					7,621

[1)] In addition, Storebrand Bank ASA has issued hybrid tier 1 capital bonds/hybrid capital that is classified as equity. See the statement of changes in equity.

SPECIFICATION OF LIABILITIES TO FINANCIAL INSTITUTIONS

	Book value		
(NOK million)	31.3.17	31.3.16	31.12.16
Maturity			
2016		708	
2017	5		407
Total liabilities to financial institutions	**5**	**708**	**407**

SPECIFICATION OF SECURITIES ISSUED

	Book value		
(NOK million)	31.3.17	31.3.16	31.12.16
2016		1,828	
2017	1,904	4,193	3,051
2018	4,061	4,067	4,062
2019	3,002	2,771	2,692
2020	3,421	3,232	3,417
2021	3,001	750	2,997
2022	2,191		
Total securities issued	**17,580**	**16,839**	**16,219**

The loan agreements contain standard covenants. Storebrand is in compliance with all relevant covenants.

Covered bonds
For covered bonds issued by Storebrand Boligkreditt AS ascribed to the company's cover pool, an overcollateralization requirement of 109,5 per cent applies. This means that the company must at all times have assets in its cover pool that exceed at least 109,5 per cent of the total outstanding covered bonds.

Credit facilities
Storebrand ASA has an unused credit facility of EUR 240 million.

Facilities for Storebrand Boligkreditt AS
Storebrand Bank has two credit facilities with Storebrand Boligkreditt AS. One of these is an ordinary overdraft facility of up to NOK 6 billion. This has no fixed expiry date, but may be terminated by the bank with 15 months' notice. The other facility must at all times be sufficient to cover interest and principal on covered bonds and related derivatives for the next 31 days. The credit facility is not revocable by the bank until three months after the maturity of the longest covered bonds and related derivatives.

Note 06 Valuation of financial instruments and investment properties

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The Group categorises financial instruments valued at fair value on three different levels. Criteria for the categorisation and processes associated with valuing are described in more detail in note 13 in the financial statements for 2016.

The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models to gather information from a wide range of well-informed sources with a view to minimizing the uncertainty of valuations.

VALUATION OF FINANCIAL INSTRUMENTS TO AMORTISED COST

(NOK million)	Fair value 31.03.17	Fair value 31.12.16	Book value 31.03.17	Book value 31.12.16
Financial assets				
Loans to and due from financial institutions	369	272	369	272
Lending to customers - corporate	7,973	8,474	8,027	8,518
Lending to customers - retail	35,566	33,520	35,567	33,520
Bonds held to maturity	17,659	17,537	15,688	15,644
Bonds classified as loans and receivables	93,584	89,677	86,735	82,777
Total financial assets 31.3.17	**155,152**		**146,386**	
Total financial assets 31.12.16		149,480		140,730
Financial liabilities				
Debt raised by issuance of securities	18,093	16,290	17,580	16,219
Liabilities to financial institutions	5	5	5	5
Deposits from banking customers	14,631	15,238	14,631	15,238
Subordinatd loan capital	7,916	7,720	7,507	7,621
Total financial liabilities 31.3.17	**40,644**		**39,723**	
Total financial liabilities 31.12.16		39,254		39,083

VALUATION OF FINANCIAL INSTRUMENTS AND REAL ESTATE AT FAIR VALUE

(NOK million)	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Total fair value 31.03.17	Total fair value 31.12.16
Assets:					
Equities and units					
- Equities	19,738	633	848	21,220	21,950
- Units	257	107,398	7,984	115,639	107,586
Total equities and units 31.3.17	**19,996**	**108,031**	**8,832**	**136,859**	
Total equities and units 31.12.16	20,615	99,814	9,107		129,537
Lending to customers[1]					
- Lending to customers - corporate			2,462	2,462	2,346
- Lending to customers - retail			2,096	2,096	1,959
Lending to customers 31.3.17 [1]			**4,558**	**4,558**	
Lending to customers 31.12.16 [1]			4,304		4,304
Bonds and other fixed-income securities					
- Government bonds	24,300	24,964		49,264	47,696
- Corporate bonds	44	33,025	211	33,280	33,154
- Structured notes		57		57	29
- Collateralised securities		30,981		30,981	33,216
- Bond funds	740	54,507		55,247	57,742
Total bonds and other fixed-income securities 31.3.17	**25,085**	**143,534**	**211**	**168,830**	
Total bonds and other fixed-income securities 31.12.16	23,337	148,251	249		171,837
Derivatives:					
- Interest derivatives		3,132		3,132	3,290
- Currency derivatives		-930		-930	-657
Total derivatives 31.3.17		**2,202**		**2,202**	
- of which derivatives with a positive market value		4,365		4,365	4,827
- of which derivatives with a negative market value		-2,162		-2,162	-2,194
Total derivatives 31.12.16		2,634			2,634
Real Estate:					
Investment properties			24,775	24,775	24,161
Owner-occupied properties			2,882	2,882	2,863
Total real estate 31.3.17			**27,658**	**27,658**	
Total real estate 31.12.16			27,024		27,024
Liabilities:					
Liabilities to financial institutions [1]					402
Total liabilities 31.12.16 [1]		402			402

[1] Includes lending to customers/liabilities to financial institutions classified at fair value through profit and loss

There is no significant movements between level 1 and level 2 in this quarter.

FINANCIAL INSTRUMENTS AND REAL ESTATE AT FAIR VALUE - LEVEL 3

(NOK million)	Equities	Units	Lending to customers	Corporrate bonds	Investment properties	Owner-occupied properties
Book value 01.01.17	**1,059**	**8,050**	**4,304**	**249**	**24,163**	**2,863**
Net gains/losses on financial instruments	-18	167	-8	-3,165	106	-2
Supply	-185	53	500	3,164	157	2
Sales	-14	-323	-275	-39	-8	
Translation differences	7	36	36	3	74	19
Other					293	-10
Book value 31.03.17	**848**	**7,984**	**4,558**	**211**	**24,785**	**2,873**

As of 31.3.17, Storebrand Life Insurance had NOK 1 994 million invested in Storebrand Eiendomsfond Norge KS. The investment is classified as "Investment in Associated Companies" in the Consolidated Financial Statements. Storebrand Eiendomsfond Norge KS invests exclusively in real estate at fair value.

SENSITIVITY ASSESSMENTS

Sensitivity assessments of investments on level 3 are described in note 13 in the 2016 annual financial statements. There is no significant change in sensitivity in this quarter.

Note 07 Operating costs

	1Q		Full Year
(NOK million)	2017	2016	2016
Personnel costs	-473	-498	-1,741
Amortisation/write-downs	-41	-45	-275
Other operating costs	-463	-457	-1,652
Total operating costs	**-977**	**-999**	**-3,668**

Note 08 Tax

TThe income tax expense has been estimated based on an expected effective tax rate per legal entity for 2017. There will be uncertainty associated with these estimates.

The effective tax rate is affected by the fact that the Group has operations in countries with tax rates that are different from Norway, and will vary from quarter to quarter depending on the individual legal entities' contribution to earnings.

Note 09 Lending

(NOK million)	31.03.17	31.03.16	31.12.16
Corporate market[1)]	10,503	8,450	10,907
Retail market	37,730	28,520	35,508
Gross lending	**48,233**	**36,970**	**46,415**
Write-down of lending losses	-80	-66	-73
Net lending [2)]	**48,152**	**36,904**	**46,342**
1) Of which Storebrand Bank	1,426	2,224	1,550
2) Of which Storebrand Bank	27,309	29,269	27,268
Of which Storebrand Livsforsikring	20,843	7,635	19,074

NON-PERFORMING AND LOSS-EXPOSED LOANS

(NOK million)	31.03.17	31.03.16	31.12.16
Non-performing and loss-exposed loans without identified impairment	104	101	107
Non-performing and loss-exposed loans with identified impairment	109	79	88
Gross non-performing loans	**214**	**180**	**195**
Individual write-downs	-32	-23	-27
Net non-performing loans	**182**	**157**	**167**

Note 10 Buffer capital

(NOK million)	31.03.17	31.03.16	31.12.16
Additional statutory reserves	6,814	5,090	6,794
Market adjusment reserves	2,321	4,713	2,684
Conditional bonuses	7,840	7,035	7,241
Total	**16,974**	**16,837**	**16,719**

The excess value of held-to-maturity bonds and lending valued at amortised cost totaled NOK 8.814 million at the end of 1st quarter 2017 – an increase of NOK 30 million since the turn of the year.

The excess value of bonds and lending at amortised cost is not included in the financial statements.

Note 11 Contingent liabilities

(NOK million)	31.03.17	31.03.16	31.12.16
Guarantees	22	49	24
Unused credit limit lending	3,537	3,773	3,548
Uncalled residual liabilities re limited partnership	4,199	3,621	2,971
Loan commitment retail market	3,339	3,157	3,524
Total contingent liabilities	**11,098**	**10,601**	**10,067**

Guarantees principally concern payment guarantees and contract guarantees.
Unused credit facilities concern granted and unused overdrafts and credit cards, as well as unused facility for credit loans secured by property.

Storebrand Group companies are engaged in extensive activities in Norway and abroad and may become a party in legal disputes. Please also refer to note 2 and note 45 in the 2016 annual report.

Note 12 Solvency II

The Storebrand Group is an insurance-dominated, cross-sectoral financial group with capital requirements in accordance with Solvency II. Storebrand calculates Solvency II according to the standard method as defined in the Solvency II Regulations.

Solvency II entered into force on 1 January 2016. In accordance with the Solvency II regulations, the first complete Solvency II annual report for 2016 will be reported to the financial markets in the first 6 months of 2017.

Consolidation is carried out in accordance with Section 18-2 of the Norwegian Act relating to Financial Undertakings and Financial Groups. The solvency capital requirement and minimum capital requirement for the group are calculated in accordance with Section 46 (1)-(3) of the Solvency II Regulations using the standard method and include the effect of the transitional arrangement for shares pursuant to Section 58 of the Solvency II Regulations.

The models used as a basis for the calculation of capital requirements and solvency capital are based on a number of requirements and assumptions that are partly specified in the regulations and partly interpreted by Storebrand based on the regulations. The most important assumptions and estimates in the calculation relate to the risk-reducing capacity of deferred tax, future margins and reserve developments, as well as the value of the customers guarantees and options. The assumptions and estimates are reviewed on an ongoing basis and are based on historical experience and expectations of future events and represent the management's best judgment at the time the financial statement were prepared. Changes to the regulations, methods and interpretations may be made that could affect the Solvency II margin in the future.

The solvency capital largely appears as net assets in the Solvency II balance sheet with the addition of eligible subordinated loans and deducted for own shares and ineligible minority interests. The solvency capital is therefore significantly different to book equity in the financial statements. Technical insurance reserves are calculated in accordance with the standard method and include the effect of the transitional arrangement pursuant to Section 56 (1) - (6) of the Solvency II Regulations. The transitional arrangement entails that the increase in the value of the technical insurance reserves is phased in gradually over a period of 16 years. The composition of solvency capital appears in the table below.

The solvency capital is divided into three capital groups in accordance with Section 6 of the Solvency II Regulations. Group 1 capital consists of paid-in capital and reconciliation reserve [1]. It also includes perpetual subordinated loans (perpetual hybrid Tier 1 capital) with up to 20 per cent of Group 1 capital.

Other subordinated loans (time limited) and risk equalisation reserve are categorised as Group 2 capital. Group 2 capital can cover up to 50 per cent of the solvency capital requirement and up to 20 per cent of the minimum capital requirement. Eligible minority interests and deferred tax assets are categorised as Group 3 capital. Group 3 capital can cover up to 15 per cent of the solvency capital requirement. Group 3 capital cannot be used to cover the minimum capital requirement.

Subordinated loans issued prior to 17 January 2015 are covered by a transitional arrangement that will continue until 2026 and during this period these loans will qualify as Group 1 capital despite them not fully satisfying the requirements for viable capital in the Solvency II regulations.

The companies in the group governed by CRD IV are included in the group's solvency capital and solvency capital requirements with their respective primary capital and capital requirements.

[1] Profit earned that is included as equity in the financial statements must be replaced by the reconciliation reserve in the solvency balance. The reconciliation reserve also includes profit earned, but based on the valuation of assets and liabilities in the solvency balance. The reconciliation reserve will also include the present value of future profits reduced with expected paid out dividend. Storebrand has the goal of paying annual dividends of 35 % of the Group profit after tax, adjusted for amortisation costs.. The value of future profits is implicitly included as a consequence of the valuation of the insurance liability.

SOLVENCY CAPITAL

NOK million	31.03.17 Total	Group 1 unlimited	Group 1 limited	Group 2	Group 3	31.12.16 Total
Share capital	2,250	2,250				2,250
Share premium	9,485	9,485				9,485
Reconciliation reserve	24,861	24,861				23,524
Including the effect of the transitional arrangement	2,880	2,880				3,073
Subordinated loans	7,298		2,614	4,684		7,198
Deferred tax assets	101				101	102
Risk equalisation reserve	139			139		140
Minority interests	48				48	46
Unavailable minority interests	-32				-32	-30
Deductions for CRD IV subsidiaries	-2,690	-2,190	-225	-275		-2,690
Expected paid out diividend[2)]	-892	-892				-695
Total basic solvency capital	**40,567**	**33,513**	**2,389**	**4,548**	**117**	**39,331**
Subordinated capital for subsidiaries regulated in accordance with CRD IV	2,690					2,690
Total solvency capital	**43,258**					**42,020**
Total solvency capital available to cover the minimum capital requirement	**37 880**	**33,513**	**2,389**	**1,978**		**36,726**

[2)] Consist of proposed dividend for 2016 and calclulated dividend according to dividend policy on profit in 2017.

The capital requirement in Solvency II appears as the total of changes in solvency capital calculated under different types of stress, less diversification. The largest part of the capital requirement appears from financial market stress and particularly relates to changes in interest rates and falls in the equity markets, as well as increased credit spreads. There is also the insurance risk, for which the most important capital requirement comes from stress relating to the transfer of existing customers within defined contribution pensions. The solvency capital requirement appears in the table below.

SOLVENCY CAPITAL REQUIREMENTS AND - MARGIN

NOK million	31.03.17	31.12.16
Market	24,069	24,175
Counterparty	567	529
Life	9,296	8,773
Health	735	731
P&C	295	295
Operational	1,468	1,449
Diversification	-6,604	-6,340
Loss-absorbing tax effect	-5,042	-5,363
Total solvency capital requirement - insurance company	**24,785**	**24,249**
Capital requirements for subsidiaries regulated in accordance with CRD IV	2,488	2,537
Total solvency capital requirement	27,273	26,786
Solvency margin with transitional rules	**159%**	**157%**
Minimum capital requirement	**9,889**	**10,010**
Minimum margin	**383%**	**367%**

Note 13 Cross-sectoral financial group

The Storebrand Group has a requirement to report capital adequacy in a multi-sectoral financial group (conglomerate directive). The calculation in accordance with the Solvency II regulations and capital adequacy calculation in accordance with the conglomerate directive give the same primary capital and essentially the same capital requirements.

NOK million	31.03.17	31.12.16
Capital requirements for CRD IV companies	2,631	2,700
Solvency captial requirements for insurance	24,785	24,249
Total capital requirements	**27,416**	**26,950**
Net primary capital for companies included in the CRD IV report	2,690	2,690
Net primary capital for insurance	40,567	39,331
Total net primary capital	**43,258**	**42,020**
Overfunding	**15,842**	**15,070**

Under Solvency II, the capital requirement from the CRD IV companies in the Group is included in accordance with their respective capital requirements. In a multi-sectoral financial group, all the capital requirements of the CRD IV companies are calculated based on their respective applicable requirements, including buffer requirement for the largest company in the Group (Storebrand Bank). This increases the total requirement from the CRD IV companies in relation to what is included in the Solvency II calculation. As at 31 March 2017, the difference amounted to NOK 143 million.

Note 14 Information about related parties

Storebrand conducts transactions with related parties as part of its normal business activities. These transactions take place on commercial terms. The terms for transactions with management and related parties are stipulated in notes 25 and 49 in the 2016 annual report.

Storebrand had not carried out any material transactions other than normal business transactions with related parties at the close of the 1st quarter 2017.

Storebrand ASA
Income statement

(NOK million)	1Q 2017	1Q 2016	Full year 2016
Operating income			
Income from investments in subsidiaries	36	12	899
Net income and gains from financial instruments:			
- bonds and other fixed-income securities	14	17	48
- financial derivatives/other financial instruments	-1	4	-7
Other financial instruments		54	55
Operating income	**50**	**86**	**996**
Interest expenses	-20	-25	-85
Other financial expenses	-4	-6	-6
Operating costs			
Personnel costs	-13	-8	-27
Amortisation			-1
Other operating costs	-10	-12	-48
Total operating costs	**-23**	**-21**	**-76**
Total costs	**-47**	**-51**	**-167**
Pre-tax profit	**2**	**35**	**829**
Tax	8	-6	-91
Profit for the period	**11**	**29**	**738**

STATEMENT OF COMPREHENSIVE INCOME

(NOK million)	1Q 2017	1Q 2016	Full year 2016
Profit for the period	**11**	**29**	**738**
Other result elements not to be classified to profit/loss			
Change in estimate deviation pension			-41
Tax on other result elements			10
Total other result elements			**-31**
Total comprehensive income	**11**	**29**	**707**

Storebrand ASA
Statement of financial position

(NOK million)	31.03.17	31.03.16	31.12.16
Fixed assets			
Deferred tax assets	245	311	236
Tangible fixed assets	29	29	29
Shares in subsidiaries	17,102	17,102	17,102
Total fixed assets	**17,376**	**17,442**	**17,367**
Current assets			
Owed within group		76	891
Other current receivables	10	328	11
Investments in trading portfolio:			
- bonds and other fixed-income securities	2,116	2,194	2,123
- financial derivatives/other financial instruments	23	36	20
Bank deposits	960	431	72
Total current assets	**3,109**	**3,065**	**3,117**
Total assets	**20,484**	**20,507**	**20,484**
Equity and liabilities			
Share capital	2,250	2,250	2,250
Own shares	-8	-10	-8
Share premium reserve	9,485	9,485	9,485
Total paid in equity	**11,726**	**11,724**	**11,726**
Other equity	5,140	5,134	5,129
Total equity	**16,866**	**16,858**	**16,855**
Non-current liabilities			
Pension liabilities	159	157	159
Securities issued	2,701	3,268	2,698
Total non-current liabilities	**2,860**	**3,425**	**2,857**
Current liabilities			
Debt within group		75	7
Provision for dividend	695		695
Other current liabilities	64	150	71
Total current liabilities	**759**	**224**	**773**
Total equity and liabilities	**20,484**	**20,507**	**20,484**

Storebrand ASA
Statement of changes in equity

(NOK million)	Share capital [1]	Own shares	Share premium	Other equity	Total equity
Equity at 31. December 2015	**2,250**	**-10**	**9,485**	**5,105**	**16,829**
Profit for the period				738	738
Total other result elements				-31	-31
Total comprehensive income				**707**	**707**
Provision for dividend				-695	-695
Own share bought back [2]		2		26	28
Employee share [2]				-14	-14
Equity at 31. December 2016	**2,250**	**-8**	**9,485**	**5,129**	**16,855**
Profit for the period				11	11
Total comprehensive income				**11**	**11**
Equity at 31. March 2017	**2,250**	**-8**	**9,485**	**5,140**	**16,866**

[1] 449 909 891 shares with a nominal value of NOK 5.
[2] Holding of own shares 31 March 2017 was 1,631,387 .

Equity at 31. December 2015	**2,250**	**-10**	**9,485**	**5,105**	**16,829**
Profit for the period				29	29
Total comprehensive income				**29**	**29**
Equity at 31. March 2016	**2,250**	**-10**	**9,485**	**5,134**	**16,858**

Storebrand ASA
Statement of cash flow

	01.01 - 31.03	
(NOK million)	2017	2016
Cash flow from operational activities		
Receipts - interest, commission and fees from customers	13	10
Net receipts/payments - securities at fair value	9	-181
Payments relating to operations	-31	-37
Net receipts/payments - other operational activities	924	448
Net cash flow from operational activities	**915**	**240**
Cash flow from investment activities		
Net receipts - sale of subsidiaries		64
Net payments - sale/capitalisation of subsidiaries	-4	-8
Net cash flow from investment activities	**-3**	**56**
Cash flow from financing activities		
Payments - interest on loans	-24	-27
Net cash flow from financing activities	**-24**	**-26**
Net cash flow for the period	**888**	**270**
Net movement in cash and cash equivalents	888	270
Cash and cash equivalents at start of the period	72	161
Cash and cash equivalents at the end of the period	**960**	**431**

Notes to the financial statements Storebrand ASA

Note 01 Accounting policies

The financial statements are presented in accordance with the accounting policies applied in the annual financial statements for 2016. The accounting policies are described in the 2016 annual report.
Storebrand ASA does not apply IFRS to the parent company's financial statements.

Note 02 Estimates

In preparing the interim accounts, Storebrand has used assumptions and estimates that affect reported amounts of assets, liabilities, revenues, and costs, and information in the notes to the financial statements. The final values realised may differ from these estimates.

Note 03 Bond and bank loans

(NOK million)	Interest rate	Currency	Net nominal value	31.03.17	31.03.16	31.12.16
Bond loan 2013/2020 [1]	Fixed	NOK	300	324	334	321
Bond loan 2011/2016	Variable	NOK	554		558	
Bond loan 2012/2017	Variable	NOK	624	626	626	627
Bond loan 2013/2018	Variable	NOK	450	452	452	452
Bond loan 2014/2019	Variable	NOK	500	500	499	499
Bank loan 2015/2018	Variable	NOK	800	799	798	799
Total [2]				**2,701**	**3,268**	**2,698**

[1] Loans with fixed rates are hedged by interest swaps, which are booked at fair value through profit and loss. Changes in values of loans that can be related to the hedged risk are included in the carrying amount and included in the result.
[2] Loans are booked at amortised cost zand include earned not due interest.
Signed loan agreements have standard covenant requirements. The terms and conditions have been redeemed pursuant to signed loan agreements.
Storebrand ASA has an unused drawing facility for EUR 240 million.

Deloitte AS
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Translation from the original Norwegian version

To the Board of Directors of Storebrand ASA

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the consolidated statement of financial position of Storebrand ASA (the Group) as of 31 March 2017, and the related income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow for the three-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information for the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by EU.

Oslo, 26 April 2017
Deloitte AS

Henrik Woxholt
State Authorized Public Accountant (Norway)

Translation has been made for information purposes only

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Financial calendar 2017

8 February	Results 4Q 2016
5 April	Annual General Meeting
6 April	Ex dividend date
27 April	Results 1Q 2017
13 July	Results 2Q 2017
25 October	Results 3Q 2017
February 2018	Results 4Q 2017

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